

ITEM 15
PROPOSED ORDER TO SET ASIDE
PARAMETERS AND GUIDELINES

Investment Reports

04-PGA-18 (CSM-96-358-02)

Government Code Section 53646, Subdivisions (a), (b), and (e)

Statutes 1995, Chapter 783

Statutes 1996, Chapter 156

Statutes 1996, Chapter 749

Amended By Statutes 2004, Chapter 889

(Assem. Bill No. 2853, § 3, eff. September 29, 2004)

EXECUTIVE SUMMARY

Background

On March 27, 1997, the Commission on State Mandates (Commission) determined that Government Code section 53646, subdivisions (a), (b) and (e), as amended by the test claim statutes, constituted a reimbursable state-mandated program. On November 20, 1997, the Commission adopted the parameters and guidelines, and amended them on February 27, 2003.

The test claim statutes required the county treasurer or chief fiscal officer of the local agency to render an annual statement of investment policy to the legislative body of the local agency and any oversight committee; and to render a quarterly report of investments to the chief executive officer, the internal auditor, and the legislative body of the local agency. The statutes specified the contents of the report.

Statutes 2004, chapter 889 (AB 2853, § 3) amended the test claim statutes by making the previously mandated activities of rendering an annual statement of investment policy and a quarterly report of investments to the chief executive officer, the internal auditor, and/or the legislative body of the local agency *optional*.

On November 8, 2004, the State Controller's Office requested that the parameters and guidelines be amended because the Legislature made this program optional.¹

Discussion

Article XIII B, section 6 of the California Constitution states that "whenever the Legislature or any state agency *mandates* a new program or higher level of service on any local government, the state shall provide a subvention of funds." (Emphasis added.) This constitutional provision was specifically intended to prevent the state from forcing programs on local government that

¹ Exhibit A.

require expenditure by local governments of their tax revenues.² To implement article XIII B, section 6, the Legislature enacted Government Code section 17500 et seq. Government Code section 17514 defines “costs mandated by the state” as “any increased costs which a local agency or school district is *required* to incur . . . as a result of any statute. . . which *mandates* a new program or higher level of service of an existing program within the meaning of Section 6 of Article XIII B of the California Constitution.” (Emphasis added.)

Thus, in order for a statute to be subject to article XIII B, section 6 of the California Constitution, the statutory language must order or command that local governmental agencies perform an activity or task. If the statutory language does not mandate local agencies to perform a task, then compliance with the test claim statute is within the discretion of the local agency and a reimbursable state-mandated program does not exist.

The test claim statutes, as amended by Statutes 2004, chapter 889 (AB 2853, § 3), do not mandate local agencies to perform an activity or task. As amended, there is no express requirement for the county treasurer or chief fiscal officer of the local agency to render an annual statement of investment policy or to render a quarterly report of investments. Rather, the plain language of Government Code section 53646, subdivision (a)(1), now states that the county treasurer “*may* annually render an annual statement of investment policy,” and subdivision (a)(2) now states that local agency treasurer or chief fiscal officer “*may* annually render . . .” Likewise, the plain language of Government Code section 53646, subdivision (b)(1), now states, “the treasurer or chief fiscal officer *may* render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency . . .”

Under the rules of statutory construction, the Commission may not disregard or enlarge the plain provisions of a statute, nor may it go beyond the meaning of the words used when the words are clear and unambiguous. Thus, the Commission, like the court, is prohibited from writing into a statute, by implication, express requirements that the Legislature itself has not seen fit to place in the statute.³ This prohibition is based on the fact that the California Constitution vests the Legislature with policymaking authority. As a result, the Commission has been instructed by the courts to construe the meaning and effect of statutes analyzed under article XIII B, section 6 strictly.⁴

Thus, because local agencies and school districts are no longer required to render annual statements of investment policy or quarterly reports of investments, then compliance with the test claim statute is within the discretion of the local agency and is not subject to reimbursement under article XIII B, section 6 of the California Constitution and Government Code section 17514.

Therefore, staff concludes that the Commission should set aside the parameters and guidelines, effective September 29, 2004.

² *County of Fresno v. State of California* (1991) 53 Cal.3d 482, 487; *County of Los Angeles v. State of California* (1987) 43 Cal.3d 46, 56; *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1264, 1283-1284.

³ *Whitcomb v. California Employment Commission* (1944) 24 Cal.2d 753, 757; *In re Rudy L.* (1994) 29 Cal.App.4th 1007, 1011.

⁴ *City of San Jose v. State of California* (1996) 45 Cal.App.4th 1802, 1816-1817.

Staff Recommendation

Staff recommends that the Commission adopt the proposed Order to Set Aside the Parameters and Guidelines for the *Investment Reports* program, effective September 29, 2004.

BEFORE THE
COMMISSION ON STATE MANDATES
STATE OF CALIFORNIA

IN RE TEST CLAIM ON:

Government Code Section 53646, Subdivisions (a), (b), and (e);

Statutes 1995, Chapter 783; Statutes 1996, Chapter 156; and Statutes 1996, Chapter 749;

Filed on December 23, 1996;

By City of Newport Beach, Claimant.

-And-

Amended by Statutes 2004, Chapter 889 (Assem. Bill. No. 2853, § 3, effective September 29, 2004)

No. 04-PGA-18 (CSM 96-358-02)

Investment Reports

SET ASIDE OF PARAMETERS AND
GUIDELINES, AS AMENDED ON
FEBRUARY 27, 2003

(Proposed on September 27, 2005)

ORDER TO SET ASIDE PARAMETERS AND GUIDELINES

On March 27, 1997, the Commission on State Mandates (Commission) determined that Government Code section 53646, subdivisions (a), (b) and (e), as amended by the test claim statutes, constituted a reimbursable state-mandated program. On November 20, 1997, the Commission adopted the parameters and guidelines, and amended them on February 27, 2003.

The test claim statutes required the county treasurer or chief fiscal officer of the local agency to render an annual statement of investment policy to the legislative body of the local agency and any oversight committee; and to render a quarterly report of investments to the chief executive officer, the internal auditor, and the legislative body of the local agency. The statutes specified the contents of the report.

Statutes 2004, chapter 889 (AB 2853, § 3) amended the test claim statutes by making the previously mandated activities of rendering an annual statement of investment policy and a quarterly report of investments to the chief executive officer, the internal auditor, and/or the legislative body of the local agency *optional*.

On November 8, 2004, the State Controller's Office requested that the parameters and guidelines be amended because the Legislature made this program optional.

Article XIII B, section 6 of the California Constitution states that "whenever the Legislature or any state agency *mandates* a new program or higher level of service on any local government, the state shall provide a subvention of funds." (Emphasis added.) This constitutional provision was specifically intended to prevent the state from forcing programs on local government that

require expenditure by local governments of their tax revenues.¹ To implement article XIII B, section 6, the Legislature enacted Government Code section 17500 et seq. Government Code section 17514 defines “costs mandated by the state” as “any increased costs which a local agency or school district is *required* to incur . . . as a result of any statute. . . .which *mandates* a new program or higher level of service of an existing program within the meaning of Section 6 of Article XIII B of the California Constitution.” (Emphasis added.)

Thus, in order for a statute to be subject to article XIII B, section 6 of the California Constitution, the statutory language must order or command that local governmental agencies perform an activity or task. If the statutory language does not mandate local agencies to perform a task, then compliance with the test claim statute is within the discretion of the local agency and a reimbursable state-mandated program does not exist.

The test claim statutes, as amended by Statutes 2004, chapter 889 (AB 2853, § 3), do not mandate local agencies to perform an activity or task. As amended, there is no express requirement for the county treasurer or chief fiscal officer of the local agency to render an annual statement of investment policy or to render a quarterly report of investments. Rather, the plain language of Government Code section 53646, subdivision (a)(1), now states that the county treasurer “*may* annually render an annual statement of investment policy,” and subdivision (a)(2) now states that local agency treasurer or chief fiscal officer “*may* annually render” Likewise, the plain language of Government Code section 53646, subdivision (b)(1), now states, “the treasurer or chief fiscal officer *may* render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency. . . .”

Under the rules of statutory construction, the Commission may not disregard or enlarge the plain provisions of a statute, nor may it go beyond the meaning of the words used when the words are clear and unambiguous. Thus, the Commission, like the court, is prohibited from writing into a statute, by implication, express requirements that the Legislature itself has not seen fit to place in the statute.² This prohibition is based on the fact that the California Constitution vests the Legislature with policymaking authority. As a result, the Commission has been instructed by the courts to construe the meaning and effect of statutes analyzed under article XIII B, section 6 strictly.³

¹ *County of Fresno v. State of California* (1991) 53 Cal.3d 482, 487; *County of Los Angeles v. State of California* (1987) 43 Cal.3d 46, 56; *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1264, 1283-1284.

² *Whitcomb v. California Employment Commission* (1944) 24 Cal.2d 753, 757; *In re Rudy L.* (1994) 29 Cal.App.4th 1007, 1011.

³ *City of San Jose v. State of California* (1996) 45 Cal.App.4th 1802, 1816-1817.

Thus, because local agencies and school districts are no longer required to render annual statements of investment policy or quarterly reports of investments, then compliance with the test claim statute is within the discretion of the local agency and is not subject to reimbursement under article XIII B, section 6 of the California Constitution and Government Code section 17514.

Accordingly, the Commission sets aside the attached Parameters and Guidelines for this program.

Paula Higashi, Executive Director

Date

PARAMETERS AND GUIDELINES AMENDMENT

Government Code Section 53646, Subdivisions (a), (b), and (e)

Statutes 1995, Chapter 783

Statutes 1996, Chapter 156

Statutes 1996, Chapter 749

Investment Reports

I. SUMMARY OF THE MANDATE

Statutes 1995, chapter 783 repealed the 1993 version of Government Code section 53646, and replaced it with a new section. Statutes 1996, chapter 156, an urgency bill, and Statutes 1996, chapter 749, amended subdivisions (a) and (e) of section 53646. Government Code section 53646 requires the treasurer or chief fiscal officer to render an annual statement of investment policy and a quarterly report of investments, containing specified information to the legislative body and oversight committee, as specified.

On March 27, 1997, the Commission on State Mandates determined that the provisions of Government Code section 53646, subdivisions (a), (b) and (e), as added by Statutes 1995, chapter 783, and amended by Statutes 1996, chapters 156 and 749, impose a new program or a higher level of service in an existing program upon specified local agencies and school districts within the meaning of section 6, article XIII B of the California Constitution and section 17514 of the Government Code by requiring those agencies to perform the following activities:

- To render an annual statement of investment policy pursuant to Government Code section 53646, subdivision (a).
- To render quarterly reports of investments, as specified, pursuant to Government Code section 53646, subdivisions (b) and (e).

II. ELIGIBLE CLAIMANTS

The eligible claimants are any county, city, city and county or other public agency or political subdivision of the state, including school districts as defined in Government Code section 17519.

III. PERIOD OF REIMBURSEMENT

Government Code section 17557, prior to its amendment by Statutes 1998, chapter 681 (effective September 22, 1998), states that a test claim shall be submitted on or before December 31st following a given fiscal year to establish eligibility for that fiscal year. The test claim for *Investment Reports* was filed on December 23, 1996, establishing eligibility for fiscal year 1995-1996. However, the test claim statutes were not in effect on July 1, 1995. Therefore, initial reimbursement claims were filed for costs incurred, as follows:

- Costs incurred pursuant to Statutes 1995, chapter 783 are reimbursable on or after January 1, 1996.

- Costs incurred pursuant to Statutes 1996, chapter 156 an urgency statute, are reimbursable on or after July 12, 1996.
- Costs incurred pursuant to Statutes 1996, chapter 749 are reimbursable on or after January 1, 1997.

California Code of Regulations, title 2, section 1183.2, states that a parameters and guidelines amendment filed after the initial claiming deadline must be submitted on or before January 15 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year. An amendment was filed on October 13, 2000. Therefore, in accordance with Section 1183.2, all costs incurred by eligible claimants in compliance with Statutes 1995, chapter 783, and Statutes 1996, chapters 156 and 749 are eligible for reimbursement on or after July 1, 1999.

Actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable.

Pursuant to Government Code section 17561, subdivision (d)(1), all claims for reimbursement of costs shall be submitted within 120 days of issuance of the claiming instructions by the State Controller.

For initial claims and annual claims filed prior to September 30, 2002, including amendments thereof, if the total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564. For initial claims and annual claims filed on or after September 30, 2002, if the total costs for a given fiscal year do not exceed \$1000, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564.

IV. REIMBURSABLE ACTIVITIES

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge." Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

For each eligible claimant, the following activities are reimbursable:

A. Statement of Investment Policy

Prepare and submit the annual statement of investment policy, and changes to:

1. The legislative body and any oversight committee for consideration at a public meeting, effective January 1, 1996.¹
2. The county board of supervisors and any oversight committee for review and approval at a public meeting, effective January 1, 1997.

B. Quarterly Report of Investments

1. Implementation Costs

Develop or modify existing policies and procedures for compiling data necessary to render the quarterly report of investments, as required in Government Code section 53646, subdivisions (b)(1), (2), (3) and/or (e), and update same as needed pursuant to the annual statement of investment policy.

2. Ongoing Costs

Compile data necessary to render a quarterly report of investments to the chief executive officer, the internal auditor, and the legislative body of the local agency within 30 days following the end of the quarter covered by the report. (Gov. Code, § 53646, subd. (b) (1), (2), and (3) and/or (e).)

- a. For each investment that is held on the last day of each quarter and included in a quarterly report of investments, the following activities are eligible for reimbursement:

1. One-time data entry into investment reporting application or software:

- the type of investment and issuer,
- date of maturity, and
- par and dollar amount invested

2. Providing a description of any of the local agency's funds, investments or programs, including lending programs that are under the management of contracted parties.

3. Obtaining and reporting current market value as of the date of the quarterly report, and reporting the source of this valuation for all investments held by the local agency² and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund.

¹ For the period from January 1, 1996, through December 31, 1996, counties are eligible for reimbursement for the costs incurred to carry out this activity.

² Government Code section 53630, subdivision (a), defines "local agency" as "county, city, city and county, including a chartered city or county, a community college district, or other public agency or corporation in this state."

4. Providing required copies of the most recent statement(s) received by a local agency³ from the Local Agency Investment Fund, the Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, a county investment pool, or any combination of these. [Unit Cost Per Page]
 5. Determining if, on the last day of each quarter, the portfolio complies with the statement of investment policy, and providing an explanation if the portfolio does not comply. (Gov. Code, § 53646, subd. (b) (2).)
- b. Compiling the cash flow information necessary to provide a statement, and any required explanation, denoting the local agency's ability to meet its pool's expenditure requirements for the next six months. Cash flow information needed to provide this statement includes forecasted expenditure requirements and non-investment revenue, plus investment revenue anticipated from securities held at the end of the quarter (Gov. Code, § 53636, subd. (b)(3).).
 - c. Automated Systems. The use of specialized software for compiling information required in the quarterly reports of investments is reimbursable. However, if the specialized software is used for other purposes, only the pro rata cost of the software, including licensing agreement, that is *directly related* to the reimbursable activities specified above, may be claimed under Materials and Supplies and/or Contracted Services.
3. Non-Reimbursable Activities
- The following activities are not reimbursable:
- a. Duplicate entry of investment transactions⁴ into custodian bank records or other databases.
 - b. Producing and presenting reports of transactions related to securities not held at the end of a quarter.
 - c. Determining if investment transactions related to securities not held at the end of the quarter comply with the investment policy.
 - d. Accumulating and compiling data necessary to prepare the monthly reports of investment transactions pursuant to Government Code section 53607, or any other monthly investment reports.

V. CLAIM PREPARATION AND SUBMISSION

Each of the following cost elements must be identified for each reimbursable activity identified in Section IV, Reimbursable Activities, of this document. Each claimed reimbursable cost must be supported by source documentation as described in Section IV. Additionally, each reimbursement claim must be filed in a timely manner.

³ Ibid.

⁴ Type of investment and issuer, date of maturity, and par and dollar amount invested. (Gov. Code, § 53646, subd. (b).)

A. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.

1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

3. Contracted Services

Report the name of the contractor and services performed to implement the reimbursable activities. Attach a copy of the contract to the claim. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the dates when services were performed and itemize all costs for those services.

4. Fixed Assets and Equipment

Report the purchase price paid for fixed assets and equipment (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset or equipment is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

5. Travel

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination point, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A.1, Salaries and Benefits, for each applicable reimbursable activity.

6. Training

Report the cost of training an employee to perform the reimbursable activities, as specified in Section IV of this document. Report the name and job classification of each employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate of the training session), dates attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each applicable reimbursable activity

according to the rules of cost element A.1, Salaries and Benefits, and A.2, Materials and Supplies. Report the cost of consultants who conduct the training according to the rules of cost element A.3, Contracted Services.

B. Indirect Cost Rates

Indirect costs are costs that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned to other activities, as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been claimed as a direct cost.

Indirect costs include: (a) the indirect costs originating in each department or agency of the governmental unit carrying out state mandated programs, and (b) the costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

1. School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.
2. County offices of education must use the J-580 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.
3. Community colleges have the option of using (1) a federally approved rate, using the cost accounting principles from the OMB Circular A-21 "Cost Principles of Educational Institutions", (2) the rate calculated on State Controller's Form FAM-29C; or (3) a 7% indirect cost rate.
4. Counties, Cities and Special Districts

Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachment A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB Circular A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the Claimant shall have the choice of one of the two following methodologies:

- a. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates.

The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

- b. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachment A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

VI. RECORD RETENTION

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter⁵ is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

VII. OFFSETTING SAVINGS AND REIMBURSEMENTS

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any source, including but not limited to, services fees collected, federal funds, and other state funds, shall be identified and deducted from this claim. Service fees collected include cost reimbursements received by counties pursuant to Government Code sections 27135, 27013 and 53684, subdivision (b).

VIII. STATE CONTROLLER'S CLAIMING INSTRUCTIONS

Pursuant to Government Code section 17558, subdivision (b), the Controller shall issue claiming instructions for each mandate that requires state reimbursement not later than 60 days after receiving the adopted parameters and guidelines from the Commission, to assist local agencies and school districts in claiming costs to be reimbursed. The claiming instructions shall be derived from the statute or executive order creating the mandate and the parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561, subdivision (d)(1), issuance of the claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon parameters and guidelines adopted by the Commission.

⁵ This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

IX. REMEDIES BEFORE THE COMMISSION

Upon request of a local agency or school district, the Commission shall review the claiming instructions issued by the State Controller or any other authorized state agency for reimbursement of mandated costs pursuant to Government Code section 17571. If the Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557, subdivision (a), and California Code of Regulations, title 2, section 1183.2.